MASSACHUSETTS PERMIT REGULATORY OFFICE

Annual Report

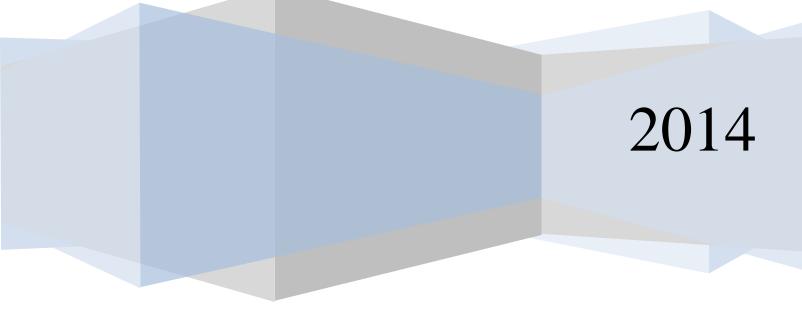


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INTRODUCTION

The Massachusetts Permit Regulatory Office (MPRO) was established in 2006 to work with new and existing businesses to help foster job creation efforts by assisting with permitting, licensing, and regulatory processes, Since 2006, MPRO has worked with a wide variety of stakeholders including local officials, regional groups, legislators, private sector interests and state agencies to further the Patrick Administration's efforts to make Massachusetts a great place to live, work, and play. Essential to making Massachusetts a great place to live and work is to create an environment which supports businesses and job creation. Staying true to its core mission, MPRO continues to work with its partners to implement tools which increase the efficiency and effectiveness of local and state government in support of housing and job growth and to look for new opportunities and partnerships which further enhance the economic development climate in the state.

MPRO is an active participant in helping Massachusetts and the Executive Office of Housing and Economic Development (EOHED) achieve the goals established by the Choosing to Compete in the 21st Century economic development plan, published in December 2011. MPRO has been tasked with leading efforts to implement 6 of the 55 objectives outlined in the plan, which will help further the state's goal of "supporting regional development through infrastructure investments and local empowerment." These tasks include:

- 3.1.1 Plan ahead for growth by identifying priority development areas for job and housing growth through regional planning efforts that include public and private participation;
- 3.1.2 Target state infrastructure investments to identified priority development areas where prompt and predictable permitting has been established by local communities;
- 3.1.3 Enlist state agencies such as MassDevelopment and MassHousing to provide targeted assistance to accelerate development within identified priority areas;
- 3.1.4 Identify or develop additional innovative public and private financing mechanisms for infrastructure investments in support of growth that would allow faster decision-making and execution and more local control;
- 3.4.1 Give priority in state infrastructure investments to local priorities that have been evaluated and supported by a regional process; and
- 3.4.3 Create a clear and transparent feedback mechanism for municipalities when local priorities are not funded.

PLANNING AHEAD FOR GROWTH

While the Massachusetts Permit Regulatory Office is actively working in many different ways to help achieve the goals listed above, MPRO's work can be specifically highlighted through the Executive Office of Housing and Economic Development's Planning Ahead for Growth strategy, which takes a comprehensive view of future development in Massachusetts. At its core, the Planning Ahead for Growth strategy includes: identifying promising places for growth, creating prompt and predictable zoning and permitting, investing in public infrastructure to support growth in promising places, and marketing areas of interest to businesses and developers.



The Planning Ahead for Growth strategy was developed by EOHED and MPRO as a way to clearly articulate the economic development and housing land use goals of EOHED. Acknowledging and embracing Massachusetts' strong municipal home rule structure, the Planning Ahead for Growth strategy is based on a bottom up approach that works with communities and regions to incorporate their land use goals into the dialogue with the state to implement the tools that will make Massachusetts an attractive and prosperous place to live and work.

In 2013, MPRO worked with other state agencies, including the Executive Office of Energy and Environmental Affairs (EEA), the Massachusetts Department of Transportation (MassDOT) and the Executive Office of Health and Human Services (EOHHS), to expand the Planning Ahead for Growth strategy beyond the EOHED secretariat. As a result of this collaborative effort, the agencies developed a Common Vision for Growth, which demonstrates the ways in which major efforts being undertaken at each agency (Global Warming Solutions Act, GreenDOT and Health Impact Assessments) compliment and reinforce the Planning Ahead for Growth strategy. In an unprecedented show of collaboration and support, this document serves as a reminder that the benefits of making sustainable land use decisions are far reaching both in the near and long term.

By establishing the Common Vision for Growth as a cross-agency strategic planning policy, municipalities, regions and state agencies have a clear and transparent framework within which new initiatives, projects, and development can take place.

Throughout 2014, MPRO partnered with other state agencies to advance projects that implement the Common Vision for Growth. The following are examples of interagency efforts undertaken by MPRO in 2014:

- The Metro North Land Use Priority Plan (with MassDOT and EOEEA)
- The Central Massachusetts Regional Planning Commission (CMRPC) Land Use Priority Plan (with MassDOT and EOEEA)
- The 5-Year Update of the South Coast Rail Economic Development and Land Use Corridor Plan (with MassDOT and EOEEA)
- The Pioneer Valley Planning Commission (PVPC) Land Use Priority Plan (with MassDOT and EOEEA)
- FY15 South Coast Rail Technical Assistance Awards (with MassDOT)
- Parking Demand Management Plan (PDMP) Grant Program (with MassDOT)

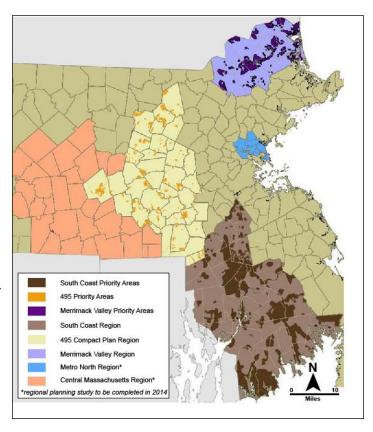
IDENTIFY

Identifying Promising Areas for Growth

Regional Planning Efforts

To advance the Patrick Administration's Planning Ahead for Growth strategy, the Massachusetts Permit Regulatory Office has led several regional planning efforts across the state. These regional planning efforts, which are modeled on the award-winning South Coast Rail Economic Development and Land Use Corridor Plan, result in the completion of Land Use Priority Plans (LUPPs). Land Use Priority Plans are developed in partnership with municipalities, regional planning agencies, state agencies, and stakeholder groups such as chambers of commerce and environmental advocacy organizations. The plans identify, at a local, regional and state level, places which are appropriate for growth and preservation, known as Priority Development Areas and Priority Preservation Areas (PDA/PPAs).

To date. the Massachusetts Permit Regulatory Office has completed 5 LUPPs, including the South Coast Rail Economic Development and Land Use Corridor Plan (2008);the 495/MetroWest Compact Development Plan (2012); the Merrimack Valley Regional Plan (2013); the Metro North Land Use Priority Plan (2014); and the Central Massachusetts Regional Planning Commission Land Use Priority Plan (2014). With the completion of the two most recent LUPPs in 2014, a total of 123 communities have identified Priority Development Priority Preservation Areas at the local, regional and state level. This total constitutes



approximately one-third of all Massachusetts municipalities.

In addition to the projects listed above, other regional planning efforts advanced in 2014. The Pioneer Valley Planning Commission (PVPC) recently completed the process of identifying local and regional priority areas for its 43-member region. MPRO, in partnership with other state agencies, will complete the state-level prioritization process in February 2015. Also, in 2014 MPRO completed the 5-year Update of the South Coast Rail Economic Development and Land Use Corridor Plan. The 5-year update represents the first time that local, regional and state priority areas have been revisited after the completion of a LUPP. Recognizing that priorities and circumstances change over time, MPRO's intention is to replicate the 5-year update process in all of the regions where LUPPs are completed.

In 2015, MPRO will work to complete the Pioneer Valley Planning Commission's priority mapping efforts, and will work with Regional Planning Agencies throughout the state to continue to promote the identification of Priority Areas.

Housing that Works

The Housing that Works initiative supports reasonably dense, reasonably located housing development through the identification of promising places for housing production that support compact development. By increasing the supply of dense, well-located housing, the cost of housing will be more affordable to those or near the median income level. Massachusetts will need to address the increasing demand for median income or "workforce housing" opportunities to be able to



Assembly Square, Somerville

maintain and attract many employers whose workers will seek reasonably priced housing in areas near their jobs and close to amenities.

Many communities, such as Reading, Somerville, Easton, Haverhill, Boston, Concord and Lowell, are already building this type of housing. The Housing that Works initiative highlights the many benefits to communities that support new multi-family, mixed-use development and works with new communities to help facilitate the next generation of housing which will help sustain Massachusetts' economic recovery and continue to make Massachusetts a great place to live and work.

In 2014, the Department of Housing and Community Development issued a multifamily housing production goal report for 2013. The report compared 2012 (counted to develop a "baseline") and 2013. Multi-family building permits jumped in the first year covered by the goal—from 5,479 in 2012 to 8,607 in 2013.

Working with Partner Agencies

As mentioned in the introduction, the adoption of a Common Vision for Growth has resulted in unprecedented collaboration between state agencies to help advance sustainable land use development patterns in the Commonwealth. Below are some of the efforts MPRO had the privilege of partnering with other agencies to help advance in 2014:



Massachusetts EOEEA's Global Warming Solutions Act - MPRO has worked with the Executive Office of Energy and Environmental Affairs for the past several years to make progress towards the Green House Gas (GHG) reduction

goals established in the Legislature's Global Warming Solutions Act. Many of the policies that MPRO works on regularly, and that are outlined in this report, help support GHG reduction goals. In 2014, MPRO continued to work with EOEEA to incorporate the Planning Ahead for Growth strategy into the set of policies that will be monitored and evaluated to ensure the state is moving towards a healthier future.



MassDOT's GreenDOT Goals - MPRO has worked closely with MassDOT to incorporate bicycle and pedestrian friendly goals into targets for the MassWorks Infrastructure Program. The types of land use supported by Planning Ahead for Growth and the

Housing that Works initiative also help advance MassDOT's mode shift goals of increasing the number of transit riders and increasing opportunities for pedestrians and cyclists to access amenities. In 2014, MPRO worked with MassDOT to award the 7th consecutive round of South Coast Rail Technical Assistance grants. Several of these grants will be used to support pedestrian and bicycle planning, in addition to other projects that support MassDOT's mode shift goals.



Massachusetts Brownfields Support Team (BST) –MPRO continues to be actively involved in the Brownfield Support Team Initiative led by the Department of Environmental Protection (MassDEP). In 2014, MPRO continued to work closely with the City of Amesbury and other stakeholders to advance clean-up efforts at the Amesbury BST site and to advance related infrastructure improvements funded through a 2013 MassWorks award.



Healthy Transportation Compact December 2013, EOHED and MPRO were announced as the newest members of the Healthy Transportation Compact, a group which already included the Massachusetts

Department of Transportation, Executive Office of Health and Human Services and the Executive Office of Energy and Environmental Affairs. In 2014, this group continued to work on incorporating Health Impact Assessments (HIAs) into the transportation planning process to evaluate how projects can serve multiple modes of transit (auto, public transit, pedestrian, and bicycle) as well as serve all sectors of the population.

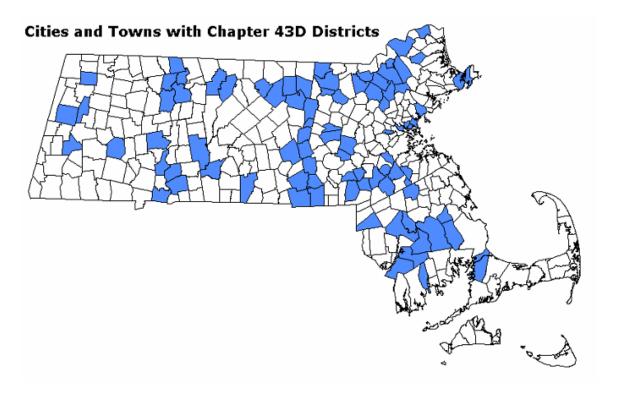
Parking Demand Management Plan (PDMP) Grant Program – In August 2014, Governor Patrick signed "An Act to Promote Economic Growth in the Commonwealth" (Chapter 287 of the Acts of 2014). The Act included creation of a grant program to fund demandbased parking management plans on the municipal level. This new program is administered by the Executive Office of Housing and Economic Development, in consultation with MassDOT. The immediate goal of the grant program is to support municipalities that are growing and require use of best practices that manage demand through improved utilization of supply and through demand-pricing mechanisms. The long-term goal of funding PDMPs is to promote sustainable economic growth and lessen traffic and parking concerns that become an argument against development, particularly in smart growth locations.

CREATE

Creating Support for New Growth through Prompt and Predictable Permitting

Chapter 43D: Expedited Local Permitting

In addition to helping with specific development projects, MPRO has focused its efforts on working with communities that have identified appropriate locations for growth within their communities to advance their efforts to promote growth by implementing prompt and predictable permitting measures and to adopt zoning which supports the community's desired growth.



Chapter 43D Communities, as of December 2014

One of the ways MPRO assists with the advancement of development projects is by working closely with municipalities on efforts to streamline the local permitting processes through the Chapter 43D Expedited Local Permitting Program and other means. The Chapter 43D program guarantees a 180 day permitting process at the local level. This program has been successful in all areas of the state and now boasts 185 sites in 90 communities. In 2012, the scope of the 43D program was expanded to include sites zoned for housing.

In 2014, MPRO created informational flyers to promote the 43D program. The flyers highlight communities that have adopted the 43D program and have had success in attracting development to those sites. The communities that were profiled include Burlington, Littleton, Framingham and Worcester.

In 2014, MPRO also reviewed the results of a Permitting Software Survey that was launched in 2013. The survey was designed to gather information regarding the type of permit tracking software being used throughout the state, the number of municipal departments which use the software and the costs of such software. MPRO shared the results of the survey with the Inter-agency Permitting Board (IPB) in order to facilitate a discussion about the potential benefits of supporting future e-permitting efforts in Massachusetts.

Chapter 43E: Expedited State Permitting

As part of Chapter 240 of the Acts of 2010, the Legislature created Chapter 43E: Expedited State Permitting that provides six month permitting for development projects that are located on Chapter 43D Priority Development Sites and within designated Growth Districts. On behalf of EOHED, MPRO worked with all state agencies subject to the provisions of Chapter 43E to develop regulations to implement the state expedited permitting process. The final regulations were published on July 8, 2011.

Direct Project Assistance

The responsibility to support new development does not and should not lie solely with municipalities. Recognizing the important role state agencies play in supporting development in the state, MPRO works closely with state regulatory agencies to streamline state permitting processes and offer opportunities for increased collaboration among agencies. To that end, MPRO has implemented resources such as the 43E Expedited State Permitting Program and the Permitting Collaborative. In 2014, the Permitting Collaborative provided assistance to an out of state manufacturer in the modular housing industry that was looking to locate in western Massachusetts. In 2015, MPRO will continue to work with other state agencies to create greater awareness of the resources offered for direct project assistance, including the Permitting Collaborative.

Permit Extension Act Frequently Asked Questions (FAQ)

The Permit Extension Act was created by Section 173 of Chapter 240 of the Acts of 2010 to promote job growth and long-term economic recovery by establishing an automatic two-year extension to certain permits and licenses concerning the use or development of real property. The Act applied to regulatory approvals issued by local, regional or state entities that concern the use or development of real property. The Permit Extension Act was extended by Section 173 of Chapter 238 of the Acts of 2012 by an additional 2 years.

Repeating the process originally established in 2010, MPRO consulted with all state permit issuing agencies to discuss the extension of the Act, to update the Frequently Asked Questions document, which helps the public understand how the Act affects permits issues by state agencies, and to agree on a common process for implementation. The FAO is available at http://www.mass.gov/permitextension.

INVEST Investing in Infrastructure

The MassWorks Infrastructure Program

In September 2010, the Patrick Administration announced the creation of the MassWorks Infrastructure Program (MGL Chapter 23A, Section 63), providing a one-stop shop for municipalities and other eligible applicants seeking public infrastructure funding to support economic development, housing creation, and roadway safety improvements in rural communities. The program was officially established in August 2012 with the signing of the Job Bill (Chapter 238 of the Acts of 2012). The program is centrally administered by the Executive Office of Housing and Economic Development, in cooperation with the Department of Transportation and Executive Office for Administration and Finance (ANF).

The Program represents an administrative consolidation of six grant programs:

- Public Works Economic Development (PWED) Grant
- Community Development Action Grant (CDAG)
- Growth District Initiative (GDI) Grant
- Massachusetts Opportunity Relocation and Expansion (MORE) Program
- Small Town Rural Assistance Program (STRAP)
- Transit Oriented Development (TOD) Grant Program

In addition to ensuring the geographic distribution of funds throughout the state as required by statute, the Program has established several policy-based funding targets to ensure that state resources are used to advance the State's Sustainable Development Principles. These targets include the following:

- At least 50% of all funds awarded are to be awarded to projects located in Gateway communities;
- At least 67% of all funds awarded are to be used to construct or support transitoriented development;
- All funding to support the construction of new housing is to be awarded to projects with a density of at least 4 units per acre;
- At least 80% of all funding is to be directed to support projects making adaptive re-use of previously developed sites,

- At least 50% of all funding is to be used to support projects which include a mix of residential and commercial uses;
- At least 25% of all funding is to be directed to projects of regional significance.

In many instances, selected projects are consistent with several or even all of the spending targets. The table below highlights the MassWorks Program's success in meeting the established targets over the four years the Program has been in operation.

| Spen | ding | Targets |
|------|------|---------|
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| | Program Spending Target | 2011 Spending Achieved | 2012 Spending Achieved | 2013 Spending Achieved | 2014 Spending Achieved |
|-------------------------------------|-------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| Gateway City | 50% | 50% | 49% | 53% | 46% |
| Transit Oriented Development | 67% | 60% | 77% | 72% | 73% |
| Reuse of Previously Developed Sites | 80% | 86% | 90% | 87% | 72% |
| Mixed Use | 50% | 57% | 63% | 85% | 49% |
| Density of Housing | 100% | 100% | 100% | 100% | 100% |
| Regional Projects (2+ communities) | 25% | 67% | 51% | 56% | 78% |

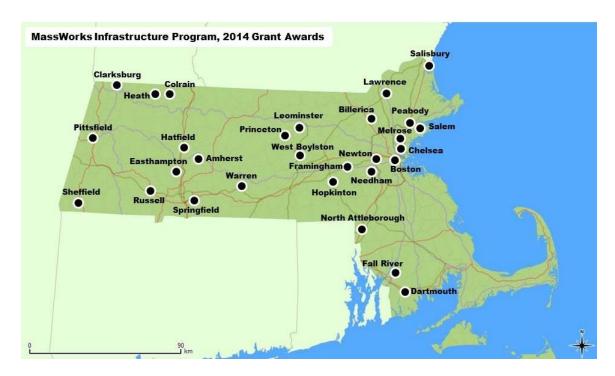
For the 2013 and 2014 rounds, the MassWorks Infrastructure Program had two priorities, infrastructure projects that supported: 1) production of multi-family housing in mixed-use districts and 2) economic development in weak or distressed areas.

The MassWorks Infrastructure Program has held four competitive funding rounds since the program's announcement. In October 2014, the program announced the results of its fourth application round and awarded 31 projects a total of \$66.8 million in funding. The program received 105 applications from communities throughout the state for over \$241 million in infrastructure funding requests, demonstrating a significant need for state assistance for infrastructure projects to support economic development and housing creation. The awards supported the creation of over 2,000 multi-family housing units.

Examples of projects funded by the 2014 MassWorks round include:

• Amherst – North Downtown Improvement Project (\$1,500,000) - The northern gateway of downtown Amherst and the southern entrance of the UMass Amherst campus are currently made up of aging, low-rise single-use commercial buildings and parking lots. To promote a more vibrant gateway, the community re-zoned the area to increase density and allow mixed use development. The North Downtown Improvement Project will provide the supporting infrastructure to construct a 78-unit mixed use building. The \$1.5 million in MassWorks funds will allow the City to put utilities underground, reconfigure the East Pleasant/Triangle Street intersection, and improve the streetscape. The northern gateway of downtown Amherst is identified as a Priority Development Area in the Pioneer Valley Planning Commission's Valley Vision 4: Regional Land Use Plan for Pioneer Valley.

- Dartmouth Route 6 at Route 177 Infrastructure Improvements (\$2,200,000) -The \$2.2 million MassWorks award for the Route 6 at Route 177 Infrastructure Improvements project will address traffic safety and congestion concerns by reconfiguring the intersection of Route 6, Route 177, and Beeden Road. Improvements will also include a complete reconstruction of 1,000 feet of Route 6 and 400 feet of Route 177. The infrastructure work supports the construction of the Village at Lincoln Park, which is located within a Chapter 40R "smart growth" district and will include 152 apartments, 57 single family homes and nearly 80,000 SF of commercial space. The project is consistent with the town's 2007 Master Plan.
- Salem Washington & Dodge Streets Public Infrastructure Improvements (\$2,535,000) - The \$2,535,000 MassWorks award for the Washington & Dodge Streets Public Infrastructure Improvements project will relocate a number of public utilities from the Riley Plaza East parking Lot. These improvements include sewer, water, natural gas, and telecommunications lines, as well as electric transmission and distribution infrastructure. In addition, the intersection of Dodge Street and Washington Street will be reconfigured. The investment will allow the Riley Plaza East parking lot to be developed into a 190,000 SF mixed use development, which currently includes a hotel, 81 housing units, and commercial space. The project is consistent with the Metropolitan Area Planning Council's MetroFuture Plan.
- Small Town Rural Assistance \$7,281,102 in MassWorks funding was awarded to 9 communities with a population of 7,000 or less for roadway safety improvement projects in 2014.



Advancing "Value Capture" Strategies in Massachusetts

Understanding that state dollars dedicated to infrastructure improvements are limited, MPRO has been working with state and quasi-public agencies on public financing programs which aim to support infrastructure investment through capturing the value that will be created as a result of the new infrastructure. In addition to several existing programs, in 2012 the Legislature created an additional tool called the Local Infrastructure Development Program in Chapter 238 of the Acts of 2012. This program provides another option for communities to work with private development partners to build the infrastructure needed to support new development projects.

- Local Infrastructure Development Program The Local Infrastructure Development Program empowers municipalities and developers to finance infrastructure investment necessary to support economic development. The program enables the developer to work with a municipality to establish an infrastructure development zone and to place assessments on properties within the zone which will be used to support bonds issued by MassDevelopment to advance the infrastructure needed. MassDevelopment is currently taking the lead in developing informational materials which will be used to help educate municipalities on this program. MPRO has worked closely MassDevelopment to inform municipalities, developers and land owners of this important new financing tool.
- Infrastructure Investment Incentive Program MPRO continues an active role in the Infrastructure Investment Incentive (I-Cubed) Program led by the Executive Office of Administration and Finance. MPRO participates in the review of the Economic Development Proposals submitted by developers and communities

interested in infrastructure funds supported by the I-Cubed Program and, working with the Executive Office of Administration and Finance, the Department of Revenue and MassDevelopment, MPRO continues to help evaluate the feasibility of funding the proposed projects through the I-Cubed program. During 2014, I-Cubed bonds were issued for the Fan Pier project in Boston (\$34.6 million in bonds issued in April 2014), Somerville's Assembly Square project (\$10 million in bonds issued in June 2014) and the Chestnut Hill Project in Boston (\$10 million in bonds issued in September 2014). The legislature also expanded the I-Cubed program's capacity, increasing the total bond authorization from \$325 million to \$600 million and allowing each municipality to use I-Cubed for up to 8 projects.

District Improvement Financing (DIF) - The DIF program enables municipalities to finance public works and infrastructure projects in a designated area by "capturing" the increase in property tax revenues, or tax increment, derived from new housing, commercial or industrial activity in the designated area and applying the revenues towards the municipality's development program. In 2012, EOHED repealed the regulations associated with the DIF program which required substantial review by many state agencies and approval of the Economic Assistance Coordinating Council before DIF proposals could be approved. Because this is a municipally driven program which does not involve any state financing, bonding or other backing, it was determined that the regulations only served to make the process more cumbersome for communities to participate in and therefore were not necessary. MPRO continues to bring awareness about the DIF Program's uses and availability to municipalities during speaking engagements and discussions with individual communities seeking state infrastructure assistance to support economic development.

It will be important for communities to understand their options when it comes to "value capture" financing options. To that end, MPRO developed a guidebook, available at: www.mass.gov/mpro to help communities evaluate their options and determine which strategy will work best with their development plans.

MARKET

Marketing Massachusetts and Continuing the Economic Recovery

Marketing Partners

The Massachusetts Permit Regulatory Office works closely with state and quasi-public agencies such as the Massachusetts Office of Business Development, MassDevelopment and MassEcon, which promote Massachusetts as a great place to live and do business. By highlighting the efforts to Identify, Create, and Invest, as outlined previously in the report, the state can make a very compelling argument that it is an extremely business friendly location with many municipalities that are ready and willing to invite new housing and job creation opportunities to their community.

Metro North Regional Branding Initiative

In 2014, MPRO led a regional branding initiative for the 9 Metro North communities of the Greater Boston region. To promote these communities as great places to live, work and play, MPRO developed print marketing materials to highlight recent development activity and public investment commitments, organized and led a Metro North Developer Tour, and hosted public events to celebrate the region's progress.

Public Speaking Engagements

In addition to the marketing efforts led by the business support arm of the state, MPRO makes regular appearances before municipal, business, and industry groups to promote the new and existing tools available to help foster housing and job growth and promote the state's friendly business climate.

Website and Media

Ensuring that information is available to all those who are interested in the resources offered by state, regional and local entities to support new economic development is an ongoing effort and one that is essential to conveying that Massachusetts is a welcoming and friendly place to do business. To that end, MPRO can now be found on Twitter, using the @MassWorks and @MAplanningahead accounts.

The MPRO website is available at www.mass.gov/mpro and provides up-to-date information on all MPRO activities. In addition to information about the regional planning efforts, 43D and 43E programs and the MassWorks Infrastructure Program, the MPRO website provides links to a number of resources developed by other executive offices, Regional Planning Agencies and other partners that MPRO works with to help advance the mission of the office.

STAFF

The Massachusetts Permit Regulatory Office is currently staffed by Larry Field, who serves as the State Permit Ombudsman/Director, Erica Kreuter, who serves as the MassWorks Infrastructure Program Director, Steve O'Neil, who serves as the MassWorks Infrastructure Program Finance Director, George Durante, who serves as the MassWorks Infrastructure Program Project Manager, and Victor Negrete, who serves as Regional Planning Manager. For the first five months of 2014, Victoria Maguire served as the State Permit Ombudsman/Director.